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1961-75 Food Stamp Program

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United States
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Food and
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History

On January 21, 1961, the President, in his first executive order, directed the Secretary of Agriculture to increase the amount and variety of food being distributed to low-income families. In the President's message to Congress on February 2, 1961, he instructed the Secretary to establish pilot food stamp programs to test the effectiveness of such an approach in providing better nutrition for needy people and in making better use of the Nation's food surpluses. The concept of the 1939-43 Food Stamp Plan was used, but a different approach was developed to more effectively implement the intent of the order.

Pilot Program

On March 7, 1961, USDA designated eight pilot areas, seven in primarily rural areas—Franklin County, Ill.; Floyd County, Ky.; Virginia—Hibbing—Nashwauk complex in northern Minnesota; Silver Bow County, Mont.; San Miguel County, N.M.; Fayette County, Pa.; McDowell County, W. Va.—and one in an urban area, Detroit, Mich. The pilot Food Stamp Program proved to be an effective means of expanding farm markets and improving the quality and quantity of the diets of low-income households. Evaluation studies by USDA research agencies showed that:

1. Participating households increased their food consumption significantly under the pilot Food Stamp Program, even though they had formerly received federally donated commodities.
2. Over 80 percent of this increase was in livestock products, fruits, and vegetables.
3. The nutritional value of participating households' diets improved substantially.
4. Retail food store sales increased an average of 8 percent in the pilot areas after the pilot Food Stamp Program began. All kinds of stores, from the smallest to the largest, shared in this increase.
5. Participants and others involved in the program liked it.

By August 1964 the pilot Food Stamp Program was serving 350,000 people in 43 project areas in 22 States. A total of \$5.8 million in food stamps was issued in August 1964, of which \$2.2 million represented the value of bonus coupons. Each person received an average of \$6.38 in bonus coupons in August 1964.

On January 31, 1964, the President, in his message on agriculture, recommended legislation to make the Food Stamp Program permanent and more widely available. The Food Stamp Act (Public Law 88-525) was signed into law on August 31, 1964.

The Program Today

Scope: Public Law 93-86, dated August 10, 1973, mandated a nationwide Food Stamp Program by June 30, 1974, unless a State could show that participation of a particular area would be impossible or impractical. Today, every county in the Nation participates in the program. Because Indian reservations may have special problems (for example, lack of transportation) in implementing the program, they can, by law, retain USDA's Donated Foods Program until June 30, 1977.

In March 1975 nearly 19.3 million people paid about \$267 million and received \$420 million worth of free or bonus food stamps, or a total of over \$687 million in food stamps. These people could use their coupons at any of the more than 234,000 authorized retail food stores and 4,875 authorized meal services.

Principles: The standards for participation of eligible households in the Food Stamp Program are the same for everyone without regard to race, color, sex, religious creed, national origin, or political beliefs.

Under the Food Stamp Program, a household pays a certain amount for an allotment of food stamps worth more than the amount paid. The amount a household pays—called the purchase requirement—is based on the household's size and income after certain allowable deductions. The purchase requirement represents a reasonable investment by the household but, by law, cannot exceed 30 percent of the household's net monthly income. Households with little or no income pay nothing for their coupons.

The amount of food stamps a household receives—called the coupon allotment—is based on the cost of a low-priced, nutritionally adequate diet developed by USDA's Agricultural Research Service. The Food Stamp Act, as amended in 1973, requires that this allotment be adjusted semiannually to reflect changes in food prices as published by the Department of Labor's Bureau of Labor Statistics. The coupons, which are slightly smaller than a dollar bill, come in three denominations and colors: \$1 (brown), \$5 (purple), and \$10 (blue-green). They are issued in books ranging from \$2 to \$65 in value. A household may use its food stamps to buy food for home consumption, or seeds and plants to produce food for the household. In addition, 1971 and 1973 amendments to the Food Stamp Act provide for special uses of food stamps by certain groups. The 1971 amendments allow elderly, disabled people to use food stamps to buy meals from authorized nonprofit meal delivery services. The 1973 amendments permit elderly participants to use food stamps for meals served by authorized establishments; drug addicts and alcoholics taking part in rehabilitation programs to use food stamps to buy meals from authorized nonprofit organizations; and Alaskans in certain remote areas of that State to use food stamps for hunting and fishing equipment except firearms, ammunition, and other explosives.

Eligibility: Any household that meets established national uniform eligibility requirements and complies with program work registration requirements can participate in the Food Stamp Program. Such households might include:

- Elderly people living on social security or other pensions
- Welfare recipients living with low-income working people
- Unemployed people
- Part-time workers
- Workers with low wages
- People with no income at all.

Households in which everyone receives welfare assistance are automatically eligible for food stamps without regard to income or resources.

Anyone who gives false information, participates in the program illegally, or misuses food stamps can be prosecuted.

Retailers, Wholesalers, and Meal Services: Retail food stores and meal services must be authorized by USDA's Food and Nutrition Service and must agree to follow program regulations before they can accept and redeem food stamps. They can redeem coupons through commercial banks or authorized wholesalers. These local banks send the coupons to Federal Reserve banks.

If USDA finds that a firm is violating program regulations, it may disqualify that firm from participating for 30 days to 3 years. The firm could also be subject to criminal prosecution.

Administration: Under the terms of the Food Stamp Act, each State's welfare agency administers certain aspects of the program within the State. These functions include telling low-income households about the program, insuring participation of and certifying eligible households, and issuing food stamps.

Under the provisions of Public Law 93-347 (approved July 12, 1974), USDA reimburses States for half the cost of running the Food Stamp Program. That law also directs USDA to withhold payment of these matching funds if a State fails to operate the Food Stamp Program "efficiently and effectively."

Quality Control: The food stamp quality control program was established in 1972 to insure that the Food Stamp Program is run fairly and correctly. Following USDA quality control guidelines, the States review a statistically valid sample of active cases and negative actions to determine whether households receiving food stamps are eligible, are certified for the correct purchase requirement, and are certified for the correct food stamp allotment. State reviewers also determine whether households are wrongly denied food stamps. States use these findings to assess and correct weaknesses in their operation of the Food Stamp Program.

